

Exhibit R



May 31, 2006

Engle Martin & Associates
c/o Mr. Brian O'Connor
750 Hammond Drive
Building 19
Atlanta, GA 30328

Re: Maxus Realty Trust, Inc.
Waverly Apartments – 100 Waverly, Bay St. Louis, MS

FCP115002336300
[Policy Number]

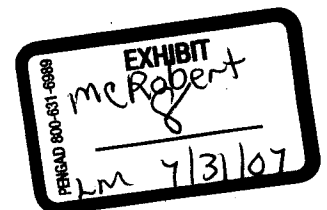
TLA-5-5010
[Claim Number]

Dear Mr. O'Connor:

As you are aware, Maxus' Arbor Gate and Waverly Apartment complexes suffered substantial damage from Hurricane Katrina, catastrophe #49. First Specialty has now exhausted available primary coverage in the amount of \$2.5 million by payment of the Arbor Gate Apartments claim.

Flagship Reconstructive Services has provided a scope of work solely for the wind damage caused by Hurricane Katrina for the Waverly Apartments. Flagship's estimated value of the damage associated with wind is \$6,075,234. With this correspondence, I am enclosing a copy of their scope of work identifying the associated costs. I have also enclosed a copy of the engineer's report dated April 14th, 2006, from Burns & McDonnell assessing and validating the wind related damages.

Waverly is insured for business interruption losses. The insured is requesting the full insurable amount of their business interruption losses.



104 Armour Road ▼ P.O. Box 34729 ▼ North Kansas City, MO 64116
816-303-4500 ▼ FAX 816-221-1829

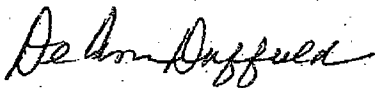
Engle Martin & Associates

Page 2

May 31, 2006

Should you have any additional questions in regards to this insurance claim, please contact me or our counsel, Stacy Andreas at Lathrop & Gage L.C. We request written confirmation of receipt of this claim report by the carrier, RSUI.

Sincerely,



DeAnn Duffield
Secretary,
Maxus Realty Trust, Inc.